

VOC- 84PAGE429

BOOK 0682 PAGE 0610

OIL & GAS LEASE

Lease No. 1225500-035

This Lease, made this **24th day of January, 2005**, by and between: **Nedra Lynn Grubel**, whose address is **409 North Conestoga Way, Anaheim, CA 92807** hereinafter collectively called "Lessor" and **COLUMBIA NATURAL RESOURCES, LLC.**, a Delaware Limited Liability Company, P.O. Box 6070, Charleston, WV 25362-0070, hereinafter called "Lessee".

WITNESSETH, That for and in consideration of One Dollar (\$ 1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and of the mutual covenants and agreements hereinafter set forth, the Lessor and Lessee agree as follows:

LEASING CLAUSE. Lessor hereby leases exclusively to Lessee all the oil and gas and their constituents, whether hydrocarbon or non-hydrocarbon, underlying the land herein leased, together with such exclusive rights as may be necessary or convenient for Lessee, at its election, to explore for, develop, produce, measure, and market production from the Leasehold, and from adjoining lands, using methods and techniques which are not restricted to current technology, including the right to conduct geophysical and other exploratory tests; to drill, maintain, operate, cease to operate, plug, abandon, and remove wells; to use or install roads, electric power and telephone facilities, and to construct pipelines with appurtenant facilities, including data acquisition, compression and collection facilities for use in the production and transportation of products from the Leasehold and from neighboring lands across the Leasehold, and such rights shall survive the term of this agreement for so long thereafter as operations are continued, to use oil, gas, and non-domestic water sources, ~~free of cost, to store gas of any kind underground, regardless of the source thereof, including the injecting of gas therein and removing the same therefrom, to protect stored gas,~~ to operate, maintain, repair, and remove material and equipment.

DESCRIPTION. The Leasehold is located in the District of **Liberty**, in the County of **Marshall**, the State of West Virginia, and described as follows:
Tax Map No. **7-28-5**
and is bounded formerly or currently as follows:

- On the North by lands of **J. Morgan**;
- On the East by lands of **D. Riggs**;
- On the South by lands of **V. Miceli**;
- On the West by lands of **Little Laurel Run**;

including lands acquired from **Wanda Pyles**, and recorded Will Book **68**, at Page **156**, and described for the purposes of this agreement as containing a total of **107.76** acres, whether actually more or less, and including contiguous lands owned by Lessor.

LEASE TERM. This Lease shall remain in force for a primary term of **Five (5) years from January 24, 2005** (effective date) and for as long thereafter as prescribed payments are made, or for as long thereafter as operations are conducted on the Leasehold in search of or production of oil, gas, or their constituents, or for as long as a well capable of production is located on the Leasehold, or for as long as extended by provision herein, ~~or for as long as the Leasehold is used for the underground storage of gas, or for the protection of stored gas.~~ If after the primary term the last producing well on the Leasehold is plugged and abandoned, the Leasehold will remain under lease for an additional period of one year from the date of plugging and abandonment, subject to the payment of delay rental.

PAYMENTS TO LESSOR. Lessee covenants to pay Lessor, proportionate to Lessor's percentage of ownership, as follows:

(A) **DELAY RENTAL:** To pay Lessor as Delay Rental at the rate of **Five and 00/100 (\$5.00) dollars** per net mineral acre per year payable annually in advance, beginning one year from the effective date hereof, and continuing thereafter until the commencement of Royalty payments. Delay Rental paid for time beyond the commencement date of Royalty payments shall be credited upon the Royalty payment. Upon Conversion to Storage, Delay Rental payments shall be reestablished.

(B) **ROYALTY:** To pay Lessor as Royalty, less all taxes, assessments, and adjustments on production from the Leasehold, as follows:

1. **OIL:** To deliver to the credit of Lessor, free of cost, a Royalty of the equal one-eighth part of all oil and any constituents thereof produced and marketed from the Leasehold.

2. **GAS:** To pay Lessor an amount equal to one-eighth of the revenue realized by Lessee for all gas and the constituents thereof produced and marketed from the Leasehold during the preceding month. Lessee may withhold Royalty payment until such time as the total withheld exceeds fifty dollars (\$50.00).

(C) **DELAY IN MARKETING:** In the event that Lessee does not market producible gas, oil, or their constituents from the Leasehold, or lands pooled/unitized therewith, Lessee may continue to pay Delay Rental until such time as marketing is established, either within the primary term or otherwise, and such payment shall maintain this lease in full force and effect to the same extent as payment of Royalty.

(D) **SHUT-IN:** In the event that production of oil, gas, or their constituents is interrupted and not marketed for a period of six months, and there is no producing well on the Leasehold, Lessee shall thereafter, as Royalty for constructive production, pay a Shut-in Royalty equal in amount and frequency to the Delay Rental until such time as production is re-established and said payment shall maintain this lease in full force and effect to the same extent as payment of Royalty. During Shut-in, Lessee shall have the right to rework, stimulate, or deepen any well on the Leasehold or drill a new well on the Leasehold in an effort to re-establish production, whether from an original producing formation or from a different formation. In the event that the production from the only producing well on the Leasehold is interrupted for a period of less than six months, this lease shall remain in full force and effect without payment of Royalty or Shut-in Royalty.

(E) **DAMAGES:** Lessee will remove unnecessary equipment and materials and reclaim all disturbed lands at the completion of activities, and Lessee agrees to repair any damaged improvements to the land and pay for the loss of crops or marketable timber.

(F) **MANNER OF PAYMENT:** Lessee shall make or tender all payments due hereunder by check, payable to Lessor, at Lessor's last known address, and Lessee may withhold any payment pending notification by Lessor of a change in address.

(G) **CHANGE IN LAND OWNERSHIP:** Lessee shall not be bound by any change in the ownership of the Leasehold until furnished with such documentation as Lessee may reasonably require. Pending the receipt of documentation, Lessee may elect either to continue to make or withhold payments as if such a change had not occurred.

(H) **TITLE:** If Lessee receives evidence that Lessor does not have title to all or any part of the rights herein leased, Lessee may immediately withhold payments that would be otherwise due and payable hereunder to Lessor until the adverse claim is fully resolved.

(I) **LIENS:** Lessee may at its option pay and discharge any past due taxes, mortgages, judgments, or other liens and encumbrances on or against any land or interest included in the Leasehold; and Lessee shall be entitled to recover from the debtor, with legal interest and costs, by deduction from any future payments to Lessor or by any other lawful means.

(J) **LIMITATION OF FORFEITURE:** This Lease shall never be subject to a civil action or other proceeding to enforce a claim of forfeiture due to Lessee's alleged failure to perform as specified herein, unless Lessee has received written notice of Lessor's demand and thereafter fails or refuses to satisfy Lessor's demand within 60 days from the receipt of the notice.

UNITIZATION. Lessor grants Lessee the right to pool, unitize, or combine all or parts of the Leasehold with other lands, whether contiguous or not contiguous, leased or unleased, whether owned by Lessee or by others, at a time before or after drilling to create drilling or production units either by contract right or pursuant to governmental authorization. Lessee is granted the right to change the size, shape, and conditions of operation or payment of any unit created. Lessor agrees to accept and receive out of the production or the revenue realized from the production of such unit, such proportional share of the Royalty from each unit well as the number of Leasehold acres included in the unit bears to the total number of acres in the unit. Otherwise, drilling, operations in preparation for drilling, production, or shut-in production from the unit, or payment of Royalty or Delay Rental shall have the same effect upon the terms of this Lease as if a well were located on the Leasehold. If the total unitized Leasehold acreage is less than 50 percent of the total Leasehold acreage, Delay Rental will continue to be paid on the non-unitized acreage.

FACILITIES. Lessee shall not drill a well within 200 feet of any structure located on the Leasehold without Lessor's written consent. Lessor shall not erect any building or structure, or plant any trees within 200 feet of a well or within 25 feet of a pipeline without Lessee's written consent. Lessor shall not improve, modify, degrade, or restrict roads and facilities built by Lessee without Lessee's written consent.

~~**CONVERSION TO STORAGE.** Lessee is hereby granted the right to convert the Leasehold to gas storage. At the time of conversion, Lessee shall pay Lessor's proportionate part for the estimated recoverable gas remaining in the well using methods of calculating gas reserves as are generally accepted by the natural gas industry, and Lessor shall be paid Delay Rental for as long thereafter as the Leasehold is used for gas storage or for protection of gas storage.~~

TITLE AND INTERESTS. Lessor hereby warrants generally and agrees to defend title to the Leasehold and covenants that Lessee shall have quiet enjoyment hereunder and shall have benefit of the doctrine of after acquired title. Should any person having title to the Leasehold fail to execute this Lease, the Lease shall nevertheless be binding upon all persons who do execute it as Lessor.

LEASE DEVELOPMENT. There is no covenant to develop the Leasehold within a certain time frame, and there shall be no Leasehold forfeiture for implied covenant to produce. Provisions herein constitute full compensation for privileges herein granted.

COVENANTS. This lease and its expressed or implied covenants shall not be subject to termination, forfeiture of rights, or damages due to failure to comply with obligations if compliance is prevented by federal, state, or local law, regulation, or decree.

ARBITRATION. In the event of a disagreement between Lessor and Lessee concerning this lease, performance thereunder, or damages caused by Lessee's operations, settlement shall be determined by a panel of three disinterested arbitrators. Lessor and Lessee shall appoint and pay the fee of one each, and the two so appointed

shall appoint the third, whose fee shall be borne equally by Lessor and Lessee. The award shall be by unanimous decision of the arbitrators and shall be final.

ENTIRE CONTRACT. The entire agreement between Lessor and Lessee is embodied herein. No oral warranties, representations, or promises have been made or relied upon by either party as an inducement to or modification of this Lease.

SURRENDER. Lessee may surrender and cancel this Lease as to all or any part of the Leasehold by recording a Surrender of Lease, and if a partial surrender, the Delay Rental provided in the PAYMENTS clause shall be reduced in proportion to the acreage surrendered.

SUCCESSORS. All rights, duties, and liabilities herein benefit and bind Lessor and Lessee and their heirs, successors, and assigns.

The parties hereto agree that this is a Paid Up Lease agreement with no further payments due Lessor during the primary term hereof, save and except any and all royalty and/or shut-in royalty due hereunder.

IN WITNESS WHEREOF, Lessor hereunto sets hand and seal.

(Seal)

Witness _____

(Seal) _____

Witness _____

(Seal) _____

Witness _____

(Seal) _____

Document prepared by: Columbia Natural Resources, LLC, P.O. Box 6070, Charleston, West Virginia 25362-0070.

Signed: _____

ACKNOWLEDGEMENT

State of _____:

County of _____ :

On _____ before me, the undersigned, a Notary Public in and for said State, personally appeared **Nedra Lynn Grubel**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

My commission expires _____

Signature / Notary Public _____

Name / Notary Public (print) _____

ACKNOWLEDGEMENT

State of _____ : _____

County of _____:

On _____ before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

My commission expires _____

Signature / Notary Public _____

Name / Notary Public (print) _____

Please return original document to: **Mason Dixon Energy, Inc., 101 Cambridge Place, Bridgeport, WV 26330**

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Orange

} ss.

On March 11, 2005

Date

before me,

Tara Sookying, Notary Public

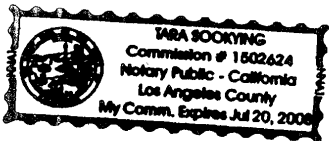
Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally

appeared

Nedra Lynn Grubel

Name(s) of Signer(s)



Place Notary Seal Above

☒ personally known to me

☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____

Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing: _____

STATE OF WEST VIRGINIA, COUNTY OF WETZEL TO-WIT:
 OFFICE OF THE CLERK OF THE COUNTY COMMISSION
 OF WETZEL COUNTY
 Reorder: Call Toll-Free 1-800-876-6827

The foregoing paper writing was this day March 31, 2005
 at 11:17 presented for record in my office
 and thereupon, together with the certificate thereto annexed,
 is admitted to record.

TESTEE: Candice Hought, CLERK
 COUNTY COMMISSION OF WETZEL COUNTY

Justin Corner - Pick Up.

JAN PEST
 MARSHALL County 03:04:13 PM
 Instrument No 1270834
 Date Recorded 07/01/2009
 Document Type O&G
 Book-Page 682-610
 Recording Fee \$10.50
 Additional \$6.00

COUNTY OF WETZEL TO-WIT:

I, CAROL S. HAUGHT, Clerk of the County Commission of Wetzel County, in the State of West Virginia, and as such Clerk, having the care and custody of the records of Oil & Gas of said county, do hereby certify that the foregoing is a true and accurate copy of _____

Oil & Gas Lease in the name of Nedra Lynn Grubel as Grantor and

Columbia Natural Resources LLC as Grantee

as the same appears of record in my office in _____

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In Testimony Whereof, I have hereunto set my hand and affixed the seal of said Commission, at the City of New Martinsville, in said County and State, this 30th day of June, ~~xx~~ 2009.

Carol S. Haught
Clerk of the County Commission of ~~(eg)~~
Wetzel County, West Virginia.

STATE OF WEST VIRGINIA

COUNTY OF WETZEL TO-WIT:

I, Donald E. Mason, President of the County Commission of Wetzel County, in the State of West Virginia, do certify that CAROL S. HAUGHT, by Whom the annexed Record, Certificate and attestation were made and given, and who, in his own proper handwriting has hereunto subscribed his name and affixed the seal of said Commission, was at the time of so doing, and now is, Clerk of The County Commission of Wetzel County, in the State of West Virginia, duly elected and qualified, and as such Clerk the keeper of its seal and the custodian of its files and records; that his official acts are entitled to full faith and credit; and that said Attestation is in due form of law and made by the proper officer.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of said Commission, at the City of New Martinsville, in said County and State, this 30th day of June, ~~xx~~ 2009.

Donald E. Mason
President of the County Commission of Wetzel County, West Virginia

STATE OF WEST VIRGINIA

COUNTY OF WETZEL TO-WIT:

I, CAROL S. HAUGHT, Clerk of the County Commission of Wetzel County, in the State of West Virginia, do certify that Donald E. Mason, by whom the foregoing Attestation was made, and whose name is thereto subscribed, in his own proper handwriting, was at the time of making the same, and now is, President of the County Commission of Wetzel County in the State of West Virginia, duly elected and qualified according to law.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of said Commission, at the City of New Martinsville, in said County and State, this 30th day of June, ~~xx~~ 2009.

Carol S. Haught
Clerk of The County Commission of Wetzel County, ~~(eg)~~
West Virginia.

STATE OF WEST VIRGINIA, MARSHALL COUNTY, SCT.:

I, IAN PEST, Clerk of the County Commission of said County, do hereby certify that the annexed writing, bearing date on the 24th day of January, 2009, was presented for and by me, admitted to record in my office upon the above certificate as to the parties therein named this 1st day of July, 2009 at 3:04 o'clock P.M.

TESTE: Ian Pest Clerk.